

5 PROMOTING OPPORTUNITY THROUGH STUDENT FINANCIAL ASSISTANCE

Overview

State law declares that “financial need shall not be a barrier to participation in higher education” (RCW 28B.10.786). The Higher Education Coordinating Board believes the state must maintain its longstanding commitment to higher education opportunity for all students, regardless of income.

To help financially needy students meet the rising costs of a college education, the state should expand several state financial aid and scholarship programs and create a new pilot program to aid adults who attend college part-time while working full-time. The board proposes six priorities for the state’s financial aid programs:

1. Fund the State Need Grant program to provide grants equal to 100 percent of tuition to students with family incomes at 65 percent of the state’s median and serve all students eligible for the grant. This will assure the state’s lowest-income students that the grants will meet the cost of tuition at a public college or university, allowing them to enroll and persist in their programs and improving the likelihood that they will earn degrees. It also will provide funding for about 10,000 additional low-income students each year.

Outcome: More low-income students will attend college and complete their academic degree programs.

2. Fund the State Work Study program to maintain its purchasing power and provide students with additional job opportunities in high-demand fields. This will maintain the state’s commitment to helping low- and middle-income students meet college costs and reduce borrowing through career-related work. It also will support the state’s higher education goals by encouraging persistence toward degrees and providing students with job experiences in high-demand fields.

The State Work Study program benefits both students and employers. Employers frequently report that practical experience is a critical element of success on the job. They report high satisfaction with the on-the-job skills that state work study students learn. Several studies also have concluded that working 15 or fewer hours per week helps students persist toward their degrees.

Under this proposal, programmatic funding would increase in proportion to growth in enrollments and rising costs, allowing the program to maintain its purchasing power in a growing higher education system. Additionally, a modest investment in a high-demand State Work

Study initiative would increase the number of student employment opportunities in identified high-demand fields and increase the number of college graduates trained to work in those fields. Funding levels for this initiative would be linked to increases in high-demand enrollments.

Outcomes: More students will graduate with work experience, particularly in high-demand fields. In addition, the program will maintain its capacity to provide Washington students with career-related employment and an alternative to borrowing.

3. Increase funding for the Educational Opportunity Grant (EOG) program to help more financially needy transfer students earn bachelor's degrees. Investing in EOG-eligible transfer students is a cost-effective way to increase the number of place-bound students earning bachelor's degrees. Students who receive these grants already hold associate degrees, require about two more years to complete their bachelor's degrees, and are ready to benefit from upper-division study. Funding increases would be proportionate to increases in the state bachelor's degree production goals.

Outcomes: More placebound students with associate degrees will transfer to four-year colleges and universities and complete their bachelor's degrees. In addition, graduation efficiency for these students will equal or surpass the graduation efficiency for their upper-division peers.¹

4. Provide consistent funding and predictable awards for the Washington Promise Scholarship to motivate high school students to prepare for college. Consistent funding and predictable awards for the Promise Scholarship would improve K-12/higher education transition by motivating students in middle school and high school to study hard and prepare for college. Although the scholarship was originally intended to guarantee two years of tuition to top high school students, it has never been funded sufficiently to provide awards equal to community college tuition. The scholarship remains subject to annual budget adjustments and the overall spending power of the awards has eroded by over one-third since the program began.

Outcome: The Promise Scholarship will motivate students to prepare for college and take middle school and high school more seriously.

5. Maintain the purchasing power of the Washington Scholars and Washington Award for Vocational Excellence (WAVE) programs. By keeping these scholarship awards at the value of public tuition and fees, the state encourages academic excellence and motivates its best students to attend college and earn degrees in Washington.

Outcome: The state will continue to promote excellence and encourage some of its top students to pursue degrees at Washington colleges and universities.

¹ A December 2000 HECB study found that EOG recipients earn credits faster than their upper-division peers.

6. Develop a new financial aid program covering the costs of tuition and books to support adults who work full-time and go to college part-time. Financial aid for full-time workers to pursue part-time education will improve the knowledge and abilities of Washington's workforce. One in four Washington residents who are 25 years of age or older has a high school diploma, but no post-secondary education or training.² Many of these workers are currently excluded from higher education opportunities. They do not have the time to take six credits to qualify for financial aid and do not have the money to pay for part-time study on their own. Part-time study would help workers in these situations improve both their skills and economic prospects.

The board recommends that the state develop a grant program for low-income, full-time workers who attend college for five credits or less per term. The program would defray the costs of books and tuition up to the amount charged at public colleges and universities. A competitive pilot program would allow the state to initiate assistance at a few colleges and universities in high-need areas of the state in 2005. An evaluation of the pilot program will assess its effectiveness and provide a framework for broader implementation of the program in the 2007-09 biennium.

Outcome: More full-time workers will pursue higher education, earn certificates and degrees, improve their individual earnings, and meet their employers' needs for a trained workforce.

Implementation Plan

1. State Need Grant - Serve the state's neediest students

The state should provide grants equal to 100 percent of tuition to students with family incomes at 65 percent of the state's median and serve all students eligible for the grant. The HECB is requesting funding in the 2005-07 state operating budget to increase the income service level from the current 55 percent of median family income to 65 percent and to provide grants to all eligible students equal to 100 percent of tuition at public colleges and universities.

Performance measures

- The number and percentage of students with family incomes at or below 65 percent of the state's median who received a State Need Grant equal to 100 percent of the cost of tuition at a public college or university.

² 2000 Census data.

Estimated costs

2005-2007 – \$125.8 million³

2007-2009 – \$50.6 million

2009-2011 – \$59.5 million

Examples of ongoing related work

A financial aid work group convenes periodically to advise HECB staff on program policy and administration.

2. State Work Study

Provide placement opportunities in high-demand fields

The state would increase funding for the State Work Study program to provide students with additional job opportunities in high-demand fields. As part of the strategic master plan, the HECB recommends expansion of the state's high-demand enrollment funding. To improve that program, the HECB will establish criteria for identifying high-demand fields on an ongoing basis. This proposal would provide funds to create job placements for needy students within these targeted fields. Funds would be distributed in response to institution proposals and would supplement colleges' base state work study allocations.

Performance measures

- The number of students who graduate with work experience in high-demand fields related to their majors.

Restore historic service level

The state would increase work study appropriations to restore the number of students served to the program's historic level of one in 14 needy students. The board also recommends increases to maintain the student award at approximately 15 percent of each student's financial need throughout the next three biennia.

Performance measures

- The percentage of needy students who receive a State Work Study grant.

³ The estimate for 2005-07 reflects the cost of moving from the current service levels to the board's goals of 65 percent of MFI and 100 percent of public tuition. The estimates for all three biennia assume annual enrollment increases and annual seven percent tuition increases.

Estimated costs

2005-2007 – \$9.5 million⁴

2007-2009 – \$4.4 million

2009-2011 – \$4.9 million

Examples of ongoing related work

The State Work Study program has a standing advisory committee.

3. Educational Opportunity Grant – Increase student participation

The Educational Opportunity Grant program is the state's only targeted financial aid initiative specifically designed to increase the number of students who earn bachelor's degrees. The HECB is requesting an additional \$1.5 million per biennium to increase the number of participating students by 50 percent in 2005-2007 and keep pace with enrollment growth in future biennia.

Performance measures

- The number of transfer students who complete their bachelor's degrees.
- Reduced time to degree for students who receive the Educational Opportunity Grant compared to similar students who do not receive the grant.
- The number of credits completed per academic year by students who receive the Educational Opportunity Grant compared to similar students who do not receive the grant.

Estimated costs

2005-2007 – \$1.5 million

2007-2009 – \$1.5 million

2009-2011 – \$1.5 million

Examples of ongoing related work

Based on a HECB study, the legislature and governor amended the Educational Opportunity Grant program statute in 2003 to: (1) expand eligibility for the grant to previously excluded counties (those not served by a branch campus) and (2) allow students to use their grant at branch campuses. These changes, together with the goals

⁴ The estimate for 2005-07 reflects the cost of restoring the service level of the program to its historic service level of one in 14 needy students. The estimates for all three biennia assume annual enrollment increases, annual tuition increases of seven percent and annual inflation adjustments to all other educational costs.

of the strategic master plan, have prompted HECB staff to create an ongoing outreach effort to ensure that eligible students and colleges and universities fully understand the program and are provided an efficient means to apply.

4. Washington Promise Scholarship – Promote academic excellence

Inadequate funding has prevented the Washington Promise Scholarship program from fulfilling its stated intent. To most effectively motivate middle and high school students to excel and prepare for college, the scholarship should be funded at the statutory maximum of two-year college tuition. The HECB has requested funds to increase awards to 100 percent of two-year college tuition in 2005-07. In future biennia, the state would need to maintain this effort and increase grant amounts to reflect tuition increases.

Performance measures

- The educational loan debt of students receiving the Promise Scholarship compared to that of needy students from similar family incomes who do not receive the scholarship.

Estimated costs

2005-2007 – \$20.4 million⁵

2007-2009 – \$3.9 million

2009-2011 – \$4.4 million

5. Washington Scholars and Washington Award for Vocational Excellence – Maintain value of awards

The state should fund these programs to maintain scholarship awards at the value of public tuition and fees, thereby rewarding academic and vocational excellence and motivating top-performing high school graduates to attend college in Washington State. Increased state appropriations are needed to keep pace with tuition increases.

Performance measures

- Percentage of tuition covered by Washington Scholars and WAVE grants.

⁵ The 2005-07 estimate would raise the award amount to 100 percent of community and technical college tuition. The estimates for all three biennia assume a seven percent annual increase in resident undergraduate tuition.

Estimated costs

Washington Scholars⁶
2005-2007 – \$630,000
2007-2009 – \$547,500
2009-2011 – \$629,000

Washington Award for Vocational Excellence⁶
2005-2007 – \$39,000
2007-2009 – \$183,000
2009-2011 – \$210,000

Example of ongoing related work

The Washington Scholars program is administered by the HECB, in partnership with the Washington Principals Association. The Washington Award for Vocational Excellence is administered by the Workforce Training and Education Coordinating Board, with the HECB acting as fiscal agent.

6. Financial Aid for Low-income Full-time Workers – Create a new pilot program

A pilot grant program for low-income, full-time workers who attend college for five or fewer credits per term should be developed and tested in the 2005-07 biennium. If the pilot is successful, the state should consider developing an ongoing statewide program to serve this group of students.

Colleges and universities would apply to participate in the board's pilot program. Participating students would receive grants equal to tuition plus an allowance for books.

The pilot program would run through June 2007. An evaluation would be presented to the Higher Education Coordinating Board by December 2007. At that point, the board would decide whether to request establishment of an ongoing program.

Recommended actions

- The HECB has requested \$2 million in the state operating budget to fund the pilot program during the 2005-07 biennium. State law provides the HECB authority to develop pilot financial aid programs. Implementation would be contingent upon funding by the legislature.

⁶ These estimates assume resident undergraduate tuition increases of 7 percent per year.

- In winter 2005, the HECB's financial aid work group will meet to advise the HECB on the structure of the project. The group will advise the HECB on: (1) the number of colleges that should participate; (2) the content of the request for proposals; (3) how proposals should be evaluated; and (4) the level of funding that individual proposals should receive.
- In July 2005, the HECB will issue a request for proposals, if funding is appropriated.
- The pilot project would operate from fall 2005 through spring 2007.
- By December 2007, a progress report would be presented to the HECB, which would then decide whether to request legislation to establish an ongoing program.

Performance measures

The success of the pilot project will be measured on the basis of the following outcomes: (1) the pilot will enable reasonable estimates of statewide demand for such an aid program and (2) the pilot program design will be evaluated and refined to ensure that students' training leads to career advancement as measured by the percent of increase in hourly wages.

Estimated costs

In 2005-2007, the project will cost an estimated \$2 million. Funding in future biennia would depend on results of the pilot project.

Example of ongoing related work

An advisory group has advised the HECB on program design and implementation. The group includes representatives from colleges and universities, the Workforce Training and Education Coordinating Board, the State Board for Community and Technical Colleges, the Council of Presidents, and the Independent Colleges of Washington.